

J



The President's Daily Brief

November 8, 1976

2

~~Top Secret 25X1~~



Exempt from general
declassification schedule of E.O. 11652
exemption authority under E.O. 14176
declared only on approval of
the Director of Central Intelligence

FOR THE PRESIDENT ONLY

November 8, 1976

Table of Contents

Egypt: The new Egyptian cabinet likely to be named today may include new ministers of finance and economy; Foreign Minister Fahmi and War Minister Gamasy probably will remain.
(Page 1)

Lebanon: President Sarkis yesterday appealed to all combatants to accept the supervision of Arab League peace-keeping troops. Christian, Muslim, and Palestinian leaders still object to his projected plans for the force. *(Page 2)*

China-USSR: A Chinese message to the USSR commemorating the 59th anniversary of the Russian Revolution is essentially the same as the one broadcast last year and contains no new initiatives. *(Page 4)*

Notes: China; USSR-Japan; EC-UK *(Pages 5 and 6)*

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EGYPT: The new Egyptian cabinet is likely to be named today.

President Sadat on Saturday called for the formation of a new cabinet following receipt of parliamentary election returns giving the 25X1 pro-government slate a strong majority. Sadat is likely to replace the present ministers of finance and economy [redacted]

25X1

[redacted]
[redacted]

Foreign Minister Fahmi and War Minister Gamasy probably will retain their portfolios [redacted]

25X1

[redacted]
[redacted]

Nearly complete returns from the parliamentary election--held initially on October 28 with a runoff last Thursday-- give the pro-government organization within the Arab Socialist Union 275 of the Assembly's 348 elected seats.

Although the ASU is Egypt's only legal political party, candidates were permitted this year for the first time to form opposition groups within the party and to run openly on opposition platforms. Members of the ASU's leftist organization took only two seats; the rightist, 12. Independents running outside the sponsorship of any ASU group won 48 seats. Many are known leftists.

The new Assembly may prove to be less manipulable than its predecessors. It is not likely, however, to present any serious challenge to government policies.

* * *

--continued

FOR THE PRESIDENT ONLY

LEBANON: President Sarkis yesterday appealed to all combatants to accept the supervision of Arab League peace-keeping troops.

Sarkis gave no details on how he intends to use the League force, what its composition will be, or when it will be deployed. He recently warned that he might proceed without the agreement of all disputants, and he may have now decided that he can no longer afford to delay implementing the cease-fire.

Although his appeal seemed intended mainly to reassure Christians and Muslims that he would have direct control over the League troops, it also contained an indirect warning that failure to cooperate with his peace-keeping efforts would prolong the presence of foreign troops in Lebanon.

In addition, Sarkis emphasized that resolution of Lebanon's conflict is directly linked to progress in solving the broader Middle East dispute and that he also must consider his full responsibility to the Arab world.

Although Christian, Muslim, and Palestinian leaders profess willingness to cooperate with Sarkis, they continue to raise objections to his projected plans for using the Arab security force.

Christian extremist Camille Shamun said on Saturday that the Palestinians had failed to comply with the provisions of the Riyadh agreement that called for them to withdraw from their positions. He indicated that the Arab security force should enforce those withdrawals before trying to enter areas of Christian control. Shamun's son also announced that Christians will not hand their weapons over to Arab League troops.

--continued



620560 10-76

FOR THE PRESIDENT ONLY

The more moderate Phalangist Christians are apparently willing to accept units of the Arab security force in Christian areas but have specified that the troops must be withdrawn immediately should "incidents" occur.

The Palestinians are still trying to convince Lebanese President Sarkis to appoint a sympathetic non-Lebanese Arab as head of the Arab security force, and have asked the Syrians to intervene on their behalf in this matter.

Syria announced on Friday that it was placing its troops in Lebanon at Sarkis' disposal as members of the Arab League force.

No effort has yet been made, however, to use the security forces to implement the Riyadh agreement. The Christians apparently believe that such a move is imminent and that the troops will move from Jazzin to Sidon, open the roads from Sidon to Beirut and from Alayh to the airport, and take up positions along Beirut's confrontation line.

There was heavy shelling and sniping in Beirut and its suburbs over the weekend. The rest of the country was relatively quiet, although the southern border town of Bint Jubayl was still being shelled by the Christians.

* * *

--continued

FOR THE PRESIDENT ONLY

CHINA-USSR: A Chinese message to the USSR commemorating the 59th anniversary of the Russian Revolution is essentially the same as the one broadcast last year and contains no new initiatives.

The government-to-government message reaffirmed China's standard position that disagreement over issues should not interfere with normal relations. Unlike last year's message, the current one does not refer specifically to continuing negotiations over disputed border areas.

In Moscow, Peking, and elsewhere, Chinese officials attended Soviet receptions honoring the revolution. The Chinese representatives at the Peking gathering were low-level officials, the same as in previous years.

China's top diplomat in Moscow sat through the Kremlin's annual reception for the first time in several years. The leading Soviet speaker, in commenting on Sino-Soviet relations, did not include the sharp criticism of China that prompted walkouts by Chinese envoys in the past.

In his speech yesterday at the anniversary parade in Moscow, Soviet Defense Minister Ustinov--unlike the late defense minister Grechko last year--avoided mention of China.

* * *

--continued

25X1

FOR THE PRESIDENT ONLY

NOTES

Photography of Tang-shan, China shows the devastation caused by the earthquakes on July 28 and the reconstruction that has occurred since then.

The area shown is south-central Tang-shan. The reconstructed housing, like that destroyed, is single-story but is probably temporary and was put up quickly to get the surviving populace under shelter.

* * *

The USSR and Japan reportedly will sign agreements today regarding the return of the MIG-25 flown to Japan by a Soviet defector in September.

According to the US defense attaché in Tokyo, a Soviet freighter is to arrive at the port of Hitachi on Sunday to pick up the aircraft. The return of the MIG-25 will remove a major irritant in Soviet-Japanese relations, and both countries seem anxious to put the problem behind them.

The USSR probably will go ahead with two planned Soviet ministerial-level visits to Japan dealing with economic matters that it had threatened to postpone. With its political standing in Japan so low, the USSR can ill afford any setbacks in Soviet-Japanese economic cooperation.

* * *

25X1



25X1

EC officials believe the Community does not have adequate resources to launch a major rescue operation on its own and note that only West Germany, and perhaps the Netherlands, could contribute to such an effort. The finance ministers may approve EC assumption of Britain's share of the EC credit granted Italy in 1974.

25X1

--continued

FOR THE PRESIDENT ONLY

Any Community effort to rescue the
pound would have to be part of a
much larger operation involving
the US and Japan [redacted]

25X1

[redacted] West German
Finance Minister Apel told the US
ambassador this week that he con-25X1
siders Britain's problems more seri-
ous than Italy's and believes inter-
national action should be taken to
assist the UK before Christmas.

FOR THE PRESIDENT ONLY

Top Secret